

NSC BRIEFING

21 September 1957

~~CONFIDENTIAL~~  
BACKGROUND: SUMATRAN OIL

- I. In contemplating separatism, the Sumatran commanders undoubtedly are banking heavily on Sumatra's oil--along with rubber and tin--to keep them in business.
  - A. This oil is now being produced by three Western oil companies, two of them American (Caltex and Stanvac); the third is BPN, a Dutch subsidiary of Shell.
  - B. The oil companies are still paying revenues to Djakarta, and Sumatrans undoubtedly hope that once they achieve full autonomy these revenues would be retained locally.
  - C. Petroleum products account for 20 to 25 percent of value of Indonesia's total exports; of this, Sumatran oil accounts for approximately 85 percent.
    1. Reserves in proven fields in Sumatra are estimated currently at about 1.2 billion barrels; the geological features of the island, however, are such that chances are believed good for additional major discoveries. (For comparison, proven reserves in Middle East total 145 billion barrels.)
    2. One competent oil executive thinks it safe to estimate that reserves of over 20 billion barrels could be established. However, prospecting has been prohibited by the Indonesian government.

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NO CHANGE IN CLASS. IF  
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CLASS. CHANGED TO: TS S  
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AUTH: 12/84  
3/990